



## **Penney Financial, LLC**

### **Registered Investment Adviser**

### **Form ADV Part 2A**

March 2, 2023

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This brochure provides information about the qualifications and business practices of *Penney Financial, LLC*. If you have any questions about the contents of this brochure, please contact us at 713.300.5165 or [contact@penneyfinancial.com](mailto:contact@penneyfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. While the firm and its personnel are registered in jurisdictions where required, it does not imply a certain level of skill or training on the part of the firm or its personnel. The oral and written communications of an Adviser provide you with information with which you determine to hire or retain an Adviser.

Additional information about *Penney Financial, LLC* is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD number, which is 282084.

## Item 2 – Material Changes

The purpose of this section is to inform you of material changes that we made to our Part 2A brochure since the last annual update dated March 27, 2022.

On March 2, 2023, we submitted our annual updating amendment filing for the 2022 fiscal year. We had no material changes to report with that filing.

However, we encourage you to carefully review our full brochure. If you have questions, or if you would like to request a copy of our full brochure at any time, free of charge, contact us at 713.300.5165 or [contact@penneyfinancial.com](mailto:contact@penneyfinancial.com).

Additional information about us is also available via the SEC's web site <http://www.adviserinfo.sec.gov>.

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## Item 4 – Advisory Business

### Description of the Advisory Firm

*Penney Financial, LLC* is a registered investment advisor firm domiciled in *Texas* and has been conducting advisory business since *January 2016*. *Cameron J. Penney, CFP®* is the sole owner and *Managing Partner* of the firm. The firm is not a subsidiary of another legal entity, and it does not own another legal entity.

### Description of Advisory Services Offered

*Penney Financial, LLC* is a fee-only financial advisory firm. Our advisors are required to act as a fiduciary – meaning, we are legally required to act in our clients' best interest.

Initially, we generally provide a Comprehensive Financial Plan to individuals or families for a flat fee. Following a Financial Plan, clients may choose to work with us in one of three ways: 1) Contributor Level -- hourly, as needed; 2) Consultant Level – ongoing advice only; 3) Confidant Level -- ongoing asset management and financial planning.

#### Comprehensive Financial Planning and Hourly Consultations

Our financial planning services may be general or broad-based in nature, or more narrowly focused on a particular area of interest or need -- depending on the client's unique circumstances and desires. Needed services may be addressed as one project or several projects contingent on the agreement of the client and advisor.

Our Comprehensive Financial Plans generally include all the following:

- Retirement and retirement income planning
- Asset allocation and investment advice
- Tax planning
- Education planning
- Cash flow planning
- Strategic financing
- Insurance planning
- Estate planning
- Philanthropic planning

Our process, utilized in working with our clients, is as follows:

1. First, we gather information about your situation and the advice being sought. If at the end of this meeting we agree on the extent and content of the advice needed, you are provided a Client Service Agreement that identifies the scope of our services. A signed Agreement is required prior to any work being done for you. In most cases, the initial fee is required also.
2. We will likely need to ask for additional documentation and detailed information about your specific situation. Once you return the additional documentation and/or detailed information, we will then analyze your current financial situation and create a Comprehensive Financial Plan.

3. Depending on your situation and needs, one or more meetings may be necessary in order to present our findings and recommendations. Prior to the meeting, interim meeting(s) may be necessary to clarify goals, data, assumptions, scenarios and strategies. Meetings may be held face-to-face or virtually utilizing technology of phone and/or the internet. We write and present advice containing observations, assumptions and recommendations. If needed, we can assist in a limited basis with implementation.

The service for hourly and flat-fee financial planning is generally concluded upon completion of the presentation. You, the client, always have full discretion over all implementation decisions and are free to accept or reject any recommendation we make.

You may re-engage us as needed or choose one of our Ongoing Service Options.

### Ongoing Service Options

After we complete a Comprehensive Financial Plan, many clients will prefer an ongoing, advisory relationship. Our clients can choose from one of the following:

- 1) Contributor – We **contribute** to our client's financial advisory needs and we are paid hourly, as needed. This is ideal for do-it-yourself investors who have a simpler and more manageable financial situation, therefore, we will normally not make this option available to clients with a net worth of \$2 million or greater.
- 2) Consultant – We **consult** with our clients on an ongoing basis and are paid a fee based on the client's net worth. This is generally for clients who prefer autonomy in managing their assets, but still desire a long-term, ongoing financial advisory relationship.

This level of service includes an annual planning agenda tailored to a client's financial situation. Typical services will include ongoing advice on almost every facet of a client's financial life, including tax-efficient cash flow, distribution planning, executive compensation strategies, annual enrollment changes, charitable/gift planning, retirement plan updates, progress towards goals, and periodic analysis of investment assets.

- 3) Confidant – We serve as our client's trusted **confidant**. This level of service is generally for clients who have accumulated wealth and prefer a professional to manage and supervise their portfolio so that our clients can spend time on the activities they enjoy.

In addition to professional Asset Management and an annual planning agenda, these clients receive ongoing financial planning and advice on nearly every facet of their financial lives.

We provide asset management services on an ongoing, discretionary basis, as a percentage of assets under management.

### Asset Management Services (Confidant)

Our Asset Management services are typically an extension of our financial planning services. During implementation of a Financial Plan and the client's preference for us to manage their assets, we create and provide an Investment Policy Statement (IPS) that defines the objectives, scope, and parameters

for how we manage assets in respect to the client's goals, values and tolerance for risk that was previously discussed during the data gathering section of the engagement. Once the client and investment advisor have agreed and signed the client's IPS, we will assist in setting up accounts to manage the client's assets. Once we have begun managing a client's assets, we are assigned discretion and authority to buy, sell, exchange, and rebalance the portfolio on our client's behalf while adhering to the client's IPS.

In some situations, a client may choose to move forward with our Asset Management services before engaging in a Financial Plan. A similar data gathering process will occur.

In other instances, *Penney Financial, LLC* maintains the authority and ability to charge additionally for financial planning fees on an hourly or flat-fee basis should it be necessary. Clients will always be notified in advance of incurring these fees.

Generally, we primarily invest client assets in mutual funds and ETFs (Exchange Traded Funds); however, we can use ETNs (Exchange Traded Notes), individual stocks and individual bonds if deemed appropriate.

The client may terminate an Asset Management engagement at any time. When we are notified of a termination of this service, we will stop the investment management fee and cease ongoing financial planning and ancillary services. We will keep the holdings as-is (we will not sell your holdings unless specifically instructed), but we will not be held responsible for the ongoing supervision and management of these holdings once a client has notified us (in writing) of a terminated Asset Management (Confidant) engagement.

### **Wrap Fee Programs**

*Penney Financial, LLC* does not participate in or sponsor wrap fee investment management programs.

### **Additional Information**

We do not provide legal, accounting or insurance services. We may work with other advisors such as attorneys, insurance professionals, tax professionals, with your permission, in the planning and implementation of your financial plan. If you are not currently working with an advisor, we may provide you with referrals or selection of other advisors at your request. You are not obligated in any way to work with any professional referred by us. These other advisors will charge you separately for their services and these fees will be in addition to our advisory fees.

Our firm will use its best judgment and good faith effort in providing its services. In recognition of "Past performance is not a guarantee of future performance," we cannot and do not warrant or guarantee any specific or general performance or profitability over any period or time of recommended investment strategies.

Nothing in our client agreement is intended to diminish in any way our fiduciary obligation to act in your best interest or in any way limit or waive your rights under federal or state securities laws.

As of December 31, 2022, *Penney Financial, LLC* manages \$133,815,826 of client assets under discretionary authority. We have \$273,493 in client assets with non-discretionary authority.

## Item 5 – Fees and Compensation

*Penney Financial, LLC* is paid solely by client fees on an hourly, flat rate, percentage of net worth or percentage of assets under management.

### Financial Planning Fees

We charge fees on an hourly or flat rate basis for financial planning and financial consultations. Fees for financial planning are determined by either: 1) our hourly fee of \$325 multiplied by the estimated time to complete the services; or 2) a flat rate based on the scope and complexity of the advisory services. Discounts may be offered upon occasion and fees are negotiable at our sole discretion.

Financial planning fees will not be collected for services to be performed more than six months in advance. For each engagement, the fee and proposed services are detailed in the written service agreement.

Either party may terminate an engagement upon written notice within five days of signing the service agreement, at which time no fees are due. If the client terminates the engagement after this date, the client is responsible for any fees already incurred.

Fees for our services may be paid by check or credit/debit card. We do not accept cash, money orders or similar forms of payment for our engagements. Fees are generally due upon signing the written service agreement. Engagements that are greater than 6 months will be billed quarterly.

In connection with using our services, the client may also incur separate fees and expenses that are charged by mutual funds and/or exchange traded funds (ETFs). We recommend that you, the client, review the investment prospectus for a complete explanation of these fees and expenses. We recommend that the client obtain a complete schedule of fees from their brokerage firm when applicable.

*Penney Financial, LLC* is a fee-only advisory firm. We never receive compensation from commissions, mark-ups on your securities, transactions or insurance products we may recommend. Clients always have the option to purchase or not purchase recommended investments or financial products through any service provider they choose.

### Ongoing Service Level: Consultant

For clients who prefer an ongoing advisory relationship, but do not choose or qualify for the firm to assess a fee based on the management of the client's assets, we will provide ongoing financial planning and advisory services for a fee based on Net Worth. Our Net Worth fees are derived from an annual percentage of the client's Net Worth (total assets minus total liabilities) – paid quarterly - and are calculated as follows:

<u>Client Net Worth</u>	<u>Annual Fee</u>
\$0 - \$1,500,000	0.48%
Next \$1,500,000	0.38%
Next \$2,000,000	0.28%
Next \$5,000,000	0.20%
Above \$10,000,000	0.15%

There is no Net Worth minimum for the Consultant service level; however, there is a minimum annual fee of \$3,600 (\$900 per quarter).

The initial fee calculation will be determined by the client's Net Worth in the Financial Plan and will generally begin 60 days after the Plan Presentation and continue through the next Net Worth calculation date, which is to occur annually on September 30, unless otherwise noted. If the client recently completed a Financial Plan (within 60 days), the first four (4) full quarters will likely be discounted at the Advisor's discretion up to 100% of the previously completed Financial Plan cost.

Annually, on September 30, a client's Net Worth is to be calculated to determine the fee for the upcoming calendar year (January 1 through December 31). The Net Worth and fee calculation will be sent to clients at least 30 days prior to the upcoming calendar year to allow for clients to raise issue with the calculation before the first invoice is sent out, which is expected to be paid quarterly by check or credit/debit card. For fee calculations during partial quarters, all months are assumed to have 30 days and all months are assumed to be 1/3 of one quarter.

To calculate Net Worth, we will first total all client assets (investments, retirement plans, real estate, hard assets, cash, cash equivalents, annuities, life insurance cash value, deferred compensation, vested restricted stock, stock options, business interests, private ventures and the market value of interests in royalties, Trusts, mineral rights or other interests that have significant value). Personal property will be determined to be between \$50,000 and \$100,000 (based on the client's direction) unless substantial personal property (collectibles, autos, furnishings, art, electronics, etc.) values are determined. Second, we total all client liabilities (mortgages, auto loans, student loans, consumer debt, utilized lines of credit, notes payable, etc.) and subtract the total liabilities from total assets to calculate the client's Net Worth. At times, client business interests, pension lump sum values, Trusts, 529 Plans and other off-balance sheet items will be added to or subtracted from the overall Net Worth of the client to calculate a more accurate figure for determining the scope of our advisory services.

### **Ongoing Service Level: Confidant**

Often, clients will approach us for financial planning and decide they prefer Penney Financial, LLC to manage their assets. Our Asset Management services are provided in coordination with financial planning for one combined Asset Management fee. Our Asset Management fees are derived from an annual percentage of the portfolio's market value (including cash and money market values in an account) and are calculated as follows:

<u>Portfolio Value</u>	<u>Annual Fee</u>
\$0 - \$1,500,000	0.65%
Next \$1,500,000	0.55%
Next \$2,000,000	0.45%
Next \$5,000,000	0.35%
Above \$10,000,000	0.28%

The fee is deducted from client accounts monthly and in arrears, and is based on the average daily balance of the billing period. The fee will be assessed pro rata on the initial and terminating month if applicable at the next billing cycle (end of the month). In some instances, the advisor or client may elect for the fee to be paid quarterly in advance or arrears; however, these exceptions must be written and explicitly stated on the signed Client Service Agreement. If the client recently completed a



Financial Plan (within 60 days), the first 12 months will likely be discounted at the Advisor's discretion up to 100% of the previously completed Financial Plan cost.

The typical portfolio value minimum per client (or household/entity) is \$1 million; however, we reserve the right to – in our sole discretion – accept client households with less than our portfolio minimum based on select criteria (e.g.: other assets, future earning potential, related accounts, or pro bono services).

The firm treats cash and cash equivalents as an asset class. Accordingly, unless otherwise agreed in writing, all cash and cash equivalent positions (e.g., money market funds, etc.) are included as part of assets under management for purposes of calculating the firm's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the firm may maintain cash and/or cash equivalent positions for defensive, liquidity, or other purposes. While assets are maintained in cash or cash equivalents, such amounts could miss market advances and, depending upon current yields, at any point in time, the firm's advisory fee could exceed the interest paid by the client's cash or cash equivalent positions.

The firm has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, the firm will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when the firm determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, unless otherwise agreed in writing, the firm's annual investment advisory fee will continue to apply during these periods, and there can be no assurance that investment decisions made by the firm will be profitable or equal any specific performance level(s).

In addition to our Asset Management fee, the client could incur additional expenses from custodial trading fees, internal expenses charged by the mutual fund, ETF or ETN, and other custodial fees. *Penney Financial, LLC* does not receive any part of these fees other than the investment management fee as noted above.

We do not charge any performance related fees, and we do not receive any commissions from selling or brokering financial products.

Additional information about our fees is noted in *Item 12*.

### **IRA Rollover Considerations**

As a normal extension of financial advice, we provide education or recommendations related to the rollover of an employer-sponsored retirement plan. A plan participant leaving employment has several options. Each choice offers advantages and disadvantages, depending on desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and the investor's unique financial needs and retirement plans. The complexity of these choices may lead an investor to seek assistance from us.

An Associated Person who recommends an investor roll over plan assets into an Individual Retirement Account ("IRA") may earn an asset-based fee as a result, but no compensation if assets are retained in the plan. Thus, we have an economic incentive to encourage an investor to roll plan assets into an IRA.

In most cases, fees and expenses will increase for the investor as a result because the above-described fees will apply to assets rolled over to an IRA, and outlined ongoing services will be extended to these assets.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We have to act in your best interests and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

*Penney Financial, LLC* does not charge fees based on a share of capital appreciation of the funds of an advisory contract, also known as performance-based fees.

## **Item 7 – Types of Clients**

*Penney Financial, LLC* provides its services primarily to individuals, families and high net worth individuals. We may also provide services to trusts, estates, charitable organizations or small business entities.

For our hourly financial planning and consulting engagements, we do not require minimums as to income, assets, net worth, length of engagement, revenues generated or other conditions for engaging our services.

For our Consultant advisory services, we generally have an annual minimum fee of \$3,600.

For our Asset Management (Confidant) services, we generally require clients to have a total portfolio balance of at least \$1 million.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

When *Penney Financial, LLC* is engaged to provide financial planning advice, in addition to our process noted in *Item 4*, we will likely recommend either cash flow based or goal-based financial planning. Because there are benefits and drawbacks to both, we generally recommend goal-based financial planning for clients further away from retirement (e.g. 15+ years away), and cash flow based financial planning for clients who are closer to or in retirement.

When *Penney Financial, LLC* is engaged to provide investment advice or Asset Management services, first, we gather information about the client's personal financial situation and then conduct a meeting with the client to clarify the client's personal financial information and determine the client's specific needs, objectives, goals and tolerance for risk. Then, we recommend an asset allocation based on the client's personal financial situation and (if applicable) outline the parameters for Asset Management in a client's Investment Policy Statement (IPS).

We make allocation and investment policy decisions using research-driven and academically founded quantitative and qualitative due diligence to help the client achieve their overall financial objectives and goals while minimizing risk exposure. We believe that the appropriate allocation of assets across diverse investment categories (i.e. stock vs. bond, foreign vs. domestic, large cap. vs. small cap., high quality vs. high yield, etc.) is the primary determinant of portfolio returns and is critical to the long-term success of a client's financial objectives and goals. Then, we recommend specific investments, primarily low-cost, no-load, index investments, to fill out the recommended asset allocation. While we favor index investments, we do also recommend some no-load managed investments. We primarily employ a fundamental, long-term, buy-and-hold philosophy in regards to investment advice and investment management. We recommend that the portfolio be maintained by rebalancing periodically and/or making adjustments as needed.

While we believe our investment strategy is designed to potentially produce the highest possible return for a given level of risk, it cannot guarantee that an investment objective or goal will be achieved. All investments have some risk associated with them and have a potential for loss, which may include the original principal amount invested. Clients should be able to bear this risk of loss. The various risks involved in investing may include market risk, liquidity risk, interest rate risk, currency risk or political risk, among others. Index investments have the potential to be affected by tracking error risk, which is defined as a deviation from the stated benchmark index. Actively managed funds have the potential to be affected by a fund's underlying security selection, which can cause it to drift from its' respective benchmark.

Our firm and our service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate; however, unintentional events may have similar effects. Cyber-attacks may cause losses to clients by interfering with the processing of transactions, affecting the ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose our firm to civil liability as well as regulatory inquiry and/or action. In addition, clients could be exposed to additional losses as a result of unauthorized use of their personal information. While our firm has established a business continuity plan and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities, investment companies and other investment advisers in which we invest, which could result in material adverse consequences for such entities and may cause a client's investment in such entities to lose value.

## **Item 9 – Disciplinary Information**

Neither *Penney Financial, LLC*, nor any of its personnel, have been the subject of a reportable legal or disciplinary event and do not have any pending events.

## Item 10 – Other Financial Industry Activities and Affiliations

Neither *Penney Financial, LLC*, nor any of its personnel, are affiliated with or maintain a material relationship with another financial industry entity. Our policies require that we conduct business activities in a manner that minimizes or avoids potential conflicts of interest between the firm, personnel and the client, or that may otherwise be contrary to law. We will provide disclosure to the client, prior to and throughout the term of an engagement, of any conflicts of interest that will or may reasonably compromise our impartiality or independence.

As a service to clients, we may provide referrals to other Investment Advisory firms and other financial planning related professionals such as CPAs, attorneys, insurance, real estate brokers etc. *Penney Financial, LLC* does not receive any compensation or referral fees from these referrals. Referrals are for the benefit of the client and given solely to the client to act upon or not.

As an Advisor in *Penney Financial, LLC*, *Cameron J. Penney, CFP®* is a member of the Garrett Planning Network (Garrett), an organization that assists financial planners in fee-only financial planning practices. Garrett is not a registered financial industry participant, nor do its activities require it to be. *Cameron J. Penney, CFP®* pays an annual membership fee to Garrett for extensive services that include training, compliance and operational support to enhance our ability to provide quality service and advice to our clients as owners of financial planning firms.

As an Advisor in *Penney Financial, LLC*, *Cameron J. Penney, CFP®* is a member of the National Association of Personal Financial Advisors (NAPFA), an organization that assists financial planners in fee-only financial planning practices. NAPFA is not a registered financial industry participant, nor do its activities require it to be. *Cameron J. Penney, CFP®* pays an annual membership fee to NAPFA for extensive services that include training, compliance and operational support to enhance our ability to provide quality service and advice to our clients as owners of financial planning firms.

*Cameron J. Penney, CFP®* is also a member of the Certified Financial Planner Board of Standards, Inc. Generally, participation in these entities requires membership fees to be paid, adherence to ethical guidelines, and meeting experiential and educational requirements.

## Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

*Penney Financial, LLC* has adopted a code of ethics that sets forth the basic policies of ethical conduct for all associated persons of the firm. We accept the obligation not only to comply with the mandates and requirements of all applicable laws and regulation, but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. We will be happy to provide a copy of our code of ethics to any client or prospective client, upon request.

Neither *Penney Financial, LLC* nor any of its personnel are authorized to recommend or effect a transaction for a client involving any security in which the firm or a related party has a material financial interest, such as in the capacity as an underwriter, advisor to the issuer, etc. Additionally, we are prohibited from borrowing from or lending to a client, unless that client is an approved financial institution or is an immediate family member. In such instances, authorization for the loan must be granted in advance and documented in writing.

At times, personnel and related parties may hold positions in investments that are also recommended to the client. We may make recommendations or take actions with respect to investments that may differ in the nature or timing from recommendations made to, or actions taken for, other clients or personnel. However, at no time will the personnel or any related party receive preferential treatment over the client.

*Penney Financial, LLC* and all of its personnel adhere to:

The Certified Financial Planner Board of Standards Code of Ethics, which may be found at <http://www.cfp.net/for-cfp-professionals/professional-standards-enforcement/standards-of-professional-conduct/code-of-ethics-professional-responsibility>

## **Privacy Policy Statement**

To ensure security and confidentiality, we maintain physical, electronic, and procedural safeguards to protect the privacy of client information. We will provide you with our privacy policy on an annual basis per federal law and at any time, in advance, if our policy is expected to change. The text of our current Privacy Policy is provided below.

### **Privacy Policy**

At *Penney Financial, LLC*, we respect the personal financial privacy of all our clients and customers both current and former. It is important to realize that we understand our clients have entrusted us with private personal financial information, and it is important to us that all employees, officers and clients of our Firm know our policy concerning what we do with that information.

We collect personal financial information about our clients from the following sources:

- Information our clients provide to us to complete their financial plan;
- Information our clients provide to us in agreements, account applications, and other documents completed in connection with the opening and maintenance of their accounts;
- Information our clients provide to us orally; and
- Information we may receive from third parties, such as brokerage firms, about our clients' transactions with us or with others.

We do not disclose any nonpublic personal financial information about our clients to anyone, except in the following circumstances:

- When required to provide services our clients have requested;
- When our clients have specifically authorized us to do so in writing; or
- When permitted or required by law.

Within our company, we restrict access to clients' personal financial information to the employees who need to know that information. To ensure security and confidentiality, we maintain physical, electronic, and procedural safeguards to protect the privacy of our clients.

In addition, it is important for all employees and officers to understand that everything handled in this office is private and confidential. Nothing about our clients should be discussed outside our offices with family, friends or other clients and within the office; employees should only discuss what is

needed to complete the job. And most importantly never discuss a client's situation with someone else that may request information about an account unless you are specifically authorized in writing by the client to do so. This includes giving information to a husband on his wife's IRA account, to a son or daughter about their mom or dad's accounts, etc.

References to "employees" may also refer to "independent contractors" hired by our company to complete work for our clients.

## **Item 12 – Brokerage Practices**

*Penney Financial, LLC* is not affiliated with a brokerage firm. If we are engaged to provide investment advice or investment management services, we may suggest the use of the service provider with whom the client's assets are currently maintained, recommend the services of a low-cost provider based on the need, overall cost and ease of use for the client, and/or provide a proposed allocation for *Penney Financial, LLC* to directly manage your investments on a discretionary basis.

We do not take custody of client assets; rather, client assets will be maintained by an unaffiliated, qualified custodian, such as a bank, broker/dealer, mutual fund company or transfer agent. Your assets are not held by our advisory firm or any associate of our firm.

For a majority of our client accounts, Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, serves as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we (for discretionary accounts) instruct them to. While we generally require you use Schwab as a custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so.

### **Products and services available to us from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent advisory firms like *Penney Financial, LLC*. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our client's accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

**Services that benefit you.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services that may not directly benefit you.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to services all or a substantial

number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmation and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping and client reporting

**Services that may generally benefit only us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Education conferences and events
- Consulting on technology, compliance, legal and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants and insurance providers
- Marketing consulting and support

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

**Our interest in Schwab's services.** The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. Schwab has agreed to pay for some costs we would otherwise incur for technology, research, marketing and compliance consulting services based on our total client assets at Schwab. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality and price of Schwab's services.

At times, other custodians may be used if the client or a specific situation requires it.

We recognize our obligation in seeking "best execution" for our clients. However, it is our belief that the determinative factor is not always the lowest possible cost, but whether the selected service provider's transactions represent the best qualitative execution while also taking into consideration the full range of services provided. Therefore, we will seek services involving competitive rates, but that may not correlate to the lowest possible rate for every transaction. We periodically review our policies regarding recommending service providers, in light of our duty to seek "best execution."

## **Trade Errors**

*Penney Financial, LLC* has procedures in place to minimize trade errors, but in the instance that trade errors do occur at the fault of *Penney Financial, LLC* or its' employees, the client will be made whole and any loss resulting from the error will be absorbed by *Penney Financial, LLC*. If the trade error was a fault of the client, the client is held responsible for the loss resulting from the occurrence.

### **Item 13 – Review of Accounts**

For hourly or flat-fee service level engagements where we are not enlisted to directly manage assets, *Penney Financial, LLC* does not provide continuous monitoring of client investment accounts under a project fee or hourly compensation model. Periodic reviews are recommended and, while we may send the client a periodic reminder to schedule future appointments, it is the client's responsibility to initiate these reviews. We suggest the client to notify us of any changes to their personal financial situation.

Our Consultant level relationship does not generally receive continuous supervision or monitoring of client investments, but it is expected that the client's portfolio and asset allocation will be analyzed and reviewed no less than every 12 months.

Our Confidant level (Asset Management) clients receive ongoing supervision of assets under management, including reports, statements, and portfolio reviews. Client reports and statements are provided, at a minimum, on a quarterly basis.

### **Item 14 – Client Referrals and Other Compensation**

All compensation we receive is paid directly to us from our clients. We do not receive additional compensation when our clients engage a recommended service provider or purchase any financial product or investment.

Penney Financial, LLC may enter into solicitation agreements pursuant to which it compensates third-party intermediaries for client referrals that result in the provision of investment advisory services by Penney Financial, LLC. Penney Financial, LLC will disclose these solicitation arrangements to affected investors, and any cash solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act. Solicitors introducing clients to Penney Financial, LLC may receive compensation from Penney Financial, LLC, such as a retainer, a flat fee per referral and/or a percentage of introduced capital. Such compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party from time to time. The cost of any such fees will be borne entirely by Penney Financial, LLC and not by any affected client."

We may receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent advisors whose clients maintain their accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain amount. These products and services, how they benefit us and the related conflicts of interest are described above (see Item 12 – Brokerage Practices).

As a member of the Certified Financial Planner Board of Standards, Inc., NAPFA, and the Garrett Planning Network (Garrett), *Cameron J. Penney, CFP®* and *Penney Financial, LLC* is listed on these organizations' "Find a Planner" page of their websites. This listing is a benefit of membership. Generally, participation in these entities requires membership fees to be paid, adherence to ethical guidelines, and meeting experiential and educational requirements.



## **Item 15 – Custody**

*Penney Financial, LLC* does not take custody of client cash, bank accounts or securities. Client assets will be maintained by an unaffiliated, qualified custodian, such as a bank, broker/dealer, mutual fund company or transfer agent. Client assets are not held by our advisory firm or any associate of our firm.

Under some government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct a custodian to deduct our advisory fees directly from your account. However, for those clients' assets held at Schwab, they maintain actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address provided on accounts.

We will not ask for, nor accept, any of the client's account access information, such as username and/or password, even for the accommodation of the client or the client's legal agent.

## **Item 16 – Investment Discretion**

*Penney Financial, LLC* receives discretionary Asset Management over those assets that a client has designated to be managed by us and according to the parameters set in the client's Investment Policy Statement. Before a client grants discretionary authority on their accounts, *Penney Financial, LLC* will receive written and signed authorization from the client granting discretion on named accounts.

Discretionary authority allows *Penney Financial, LLC* to determine which securities to buy, sell, exchange, and rebalance client portfolios on our client's behalf. Investment discretion also includes, but is not limited to the security, the timing, dollar amounts or share amounts of the trades, and other account management factors.

Discretionary authority is exercised consistent with client's objectives, values, and tolerance for risk. The client is not bound to discretion for any specific time period and may terminate discretion at any time.

The client may restrict discretionary authority to limit the timing, security selection, dollar amounts or share amounts and other tailored investment management factors. These limitations must be written and signed by the client to restrict discretionary authority on named accounts.

## **Item 17 – Voting Client Securities**

As a matter of policy, *Penney Financial, LLC* does not have the authority to and does not vote client securities. The client will maintain responsibility for directing the manner in which proxies are voted, as well as all other elections relative to mergers, acquisitions, tender offers or other events pertaining to the client's investments. The client will receive their proxies and other solicitations directly from the custodian or transfer agent for their investments. At times, *Penney Financial, LLC* may provide guidance to clients regarding the client's voting of proxies as it relates to the client's situation and best interests.

## **Item 18 – Financial Information**

Penney Financial, LLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and it has never been the subject of a bankruptcy proceeding.

**Penney Financial, LLC**

Registered Investment Adviser

**Part 2B – Brochure Supplement (Advisory Personnel)**

March 2, 2023

***Cameron J. Penney, CFP® - Managing Partner***

*800 Town and Country Blvd., Suite 500  
Houston, TX 77024-4563*

713.300.5165

[www.PenneyFinancial.com](http://www.PenneyFinancial.com)

This brochure supplement provides information about *Cameron J. Penney, CFP®* that supplements the *Penney Financial, LLC* brochure. You should have received a copy of that brochure.

Please contact *Cameron J. Penney, CFP®* at 713.300.5165 or [contact@penneyfinancial.com](mailto:contact@penneyfinancial.com) if you did not receive *Penney Financial, LLC's* brochure or if you have any questions about the contents of this supplement.

Additional information about *Cameron J. Penney, CFP®* is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Investment Adviser Representative (IAR)" using "*Cameron J. Penney, CFP®*" or by using the firm's IARD number, which is 282084.

## **Item 2: Educational Background and Business Experience**

Name: *Cameron J. Penney, CFP®*

Title: Managing Partner, Financial Planner

Year of Birth: 1987

CRD# 5781870

### Education Background:

Baylor University

Bachelor of Business Administration (BBA)

*Certified Financial Planner (CFP®)* Professional

### Business Background (Most Recent 10 Years):

Managing Partner

Penney Financial, LLC

2016 - Present

Client Service Manager

Tiras Wealth Management

2014 - 2015

Financial Planner

Stavis and Cohen Financial

2013 - 2014

Investment Associate

J.P. Morgan Securities

2012 - 2013

Financial Advisor

First Command Financial Planning

2010-2012

## **Item 3: Disciplinary Information**

*Cameron J. Penney, CFP®* has not been nor is currently the subject of any reportable legal or disciplinary event.

## **Item 4: Other Business Activities**

*Cameron J. Penney, CFP®* does not operate any other business other than *Penney Financial, LLC*.

## Item 5: Additional Compensation

*Cameron J. Penney, CFP®* does not accept or receive and is prohibited by firm policy from receiving additional economic benefit (i.e. sales awards or other prizes) for providing advisory services to clients.

## Item 6: Supervision

*Cameron J. Penney, CFP®* serves in multiple capacities for *Penney Financial, LLC*:

Managing Partner

Chief Compliance Officer

Financial Planner

We recognize that the lack of segregation of duties may potentially create conflicts of interest. However, we employ policies and procedures to ensure timely and accurate recordkeeping and supervision, including outsourcing certain functions to qualified entities to assist in these efforts when necessary.

Questions relative to the firm, its services or this ADV Part 2 may be made to the attention of *Cameron J. Penney, CFP®* at 713.300.5165 or [contact@penneyfinancial.com](mailto:contact@penneyfinancial.com).

Additional information about the firm, other advisory firms, or and associated investment advisor representative, including *Cameron J. Penney, CFP®*, is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). A search of this site for firms may be accomplished by firm name or a unique firm identifier known as an IARD number. The IARD number for *Penney Financial, LLC* is 282084.

## Professional Designations

1. The “CFP® marks” (The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

Examination – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;

Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and

Ethics – Agree to be bound by CFP Board's Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and

Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

**Penney Financial, LLC**

Registered Investment Adviser

**Part 2B – Brochure Supplement (Advisory Personnel)**

March 2, 2023

***Kathryn A. Staples, CFP® - Investment Adviser Representative***

800 Town and Country Blvd., Suite 500  
Houston, TX 77024-4563

713.300.5165

[www.PenneyFinancial.com](http://www.PenneyFinancial.com)

This brochure supplement provides information about *Kathryn A. Staples, CFP®* that supplements the *Penney Financial, LLC* brochure. You should have received a copy of that brochure.

Please contact *Cameron J. Penney, CFP®* at 713.300.5165 or [contact@penneyfinancial.com](mailto:contact@penneyfinancial.com) if you did not receive *Penney Financial, LLC's* brochure or if you have any questions about the contents of this supplement.

Additional information about *Kathryn A. Staples, CFP®* is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Investment Adviser Representative (IAR)" using "*Kathryn A. Staples, CFP®*" or by using her CRD number, which is 7331191.

## Item 2: Educational Background and Business Experience

Name: *Kathryn A. Staples, CFP®*

Title: Investment Adviser Representative

Year of Birth: 1996

CRD# 7331191

### Education Background:

Texas Tech University

Bachelor's Degree in Personal Financial Planning

*Certified Financial Planner (CFP®)* Professional

### Business Background (Most Recent 10 Years):

Investment Adviser Representative

Penney Financial, LLC

01/2021 - Present

Associate

Penney Financial, LLC

01/2019 - 01/2021

Server

Heart and Soul Tea Room

09/2018 - 12/2018; 12/2017 - 05/2018

Wealth Management Intern

RMB Capital

06/2018 - 08/2018

Counselor

Pine Cove

05/2017 - 09/2017; 07/2016 - 09/2016

Childcare Employee

Live Oak Church

09/2016 - 05/2017

Student

Texas Tech University

08/2015 - 07/2016



### Item 3: Disciplinary Information

*Kathryn A. Staples, CFP®* has not been nor is currently the subject of any reportable legal or disciplinary event.

### Item 4: Other Business Activities

*Kathryn A. Staples, CFP®* is not involved in other business activities.

### Item 5: Additional Compensation

*Kathryn A. Staples, CFP®* does not accept or receive and is prohibited by firm policy from receiving additional economic benefit (i.e. sales, award, or other prizes) for providing advisory services to clients.

### Item 6: Supervision

*Kathryn A. Staples, CFP®* is an Investment Adviser Representative of Penney Financial, LLC. Ms. Staples is supervised by *Cameron J. Penney*, Managing Partner, Chief Compliance Officer, and Financial Planner of Penney Financial, LLC.

Questions relative to the firm, its services or this ADV Part 2 may be made to the attention of *Cameron J. Penney, CFP®* at 713.300.5165 or [contact@penneyfinancial.com](mailto:contact@penneyfinancial.com).

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financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

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